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BP Solar Comments

New Homes Solar Partnership Docket No. 06-NSHP-1

BP Solar supports the objectives of the New Homes Solar Partnership. Effective implementation of the program will lead to substantial energy, environmental and economic benefits to the State of California and its citizens. We appreciate the leadership of the California Energy Commission (CEC) in developing an effective program that will deliver these benefits and welcome the opportunity to participate in this process.

General Comments

The solar electric power market is still in its early development and program implementation should reflect important themes of simplicity for homeowners, builders and developers; consistency with other elements of the California Solar Initiative as it relates to the residential retrofit, commercial and public buildings market segments; and ease of and efficiency in administration.

Energy Efficiency

Energy efficiency provides many benefits, but solar incentives should not be contingent upon incorporating energy efficiency measures. Requiring energy efficiency beyond the existing Building Standards will tend to limit access to incentives to the larger builders and market participants who have the expertise required to better address these issues. It will also increase the cost to builders to install solar equipment in homes in California. As it is not likely that all new homebuyers who want to purchase solar will also want to purchase additional energy efficiency features, we feel that this will slow the uptake of PV in new homes and is therefore counterproductive to the intent of the program as a whole. Enhancing energy efficiency is a worthwhile goal but solar incentives should not be contingent upon enhanced energy efficiency levels beyond standard requirements in the state.

Incentive Level and Structure

The incentive level for new homes should be the same for the residential retrofit market and \$2.25/watt is too low. The incentive level and structure should largely align with the CPUC structure expected to be in place in 2007 for residential retrofits: we recommend the equivalent of \$2.80/watt (CEC AC) in 2007 for new homes based on expected performance.

There should be no difference in incentives between new homes with integrated solar versus roof mounting. There also should be no additional incentive for PV as a standard feature. There is considerable cost reduction enjoyed when PV is a standard which should incentivize builders to make PV a standard feature rather than an option. We believe that consistent industry standards and processes are crucial to reducing the installed cost of PV systems as well as achieving the ultimate goal of grid parity. Therefore, we recommend that the CEC align its standards for components and systems and its subsidy approval procedures for the New Solar Homes program with the CPUC's standards for retrofit residential PV.

The builder should be the targeted recipient of the incentives, as discussed in the Draft Proposal. Alternatively, the purchaser could receive the subsidy. The equipment manufacturer or installer could be designated to receive the incentive. In the case of affordable housing, which tends to be rental property, it may be appropriate to allow a third party to own and operate the solar equipment and receive the subsidy.

We recommend that consideration be given to the definition of separately funded market segments for production builders, smaller builders, multifamily, and affordable housing builders.

Geographical Scope

The draft proposal suggests linking incentives to dynamic electricity tariffs, demand reduction, and relative regional electric system distribution costs. We support this approach as well as the use of monitoring technology to verify system performance and impact in reducing peak demand.

Procedures

We support the integration of monitoring equipment as part of the system installations for new homes. As there is the potential for synergy between this function and the metering function at the homes, we further suggest that functional requirements for both system monitoring and electricity metering be developed and the market be allowed to determine the best approaches to meet both of these requirements, rather than require that advanced metering be performed by the investor-owned utilities.

Administration

We concur with the draft proposal in allowing a single submittal for each development rather than requiring individual submittals for each home.

The time frame for reservations should be 2 years minimum to support the new homes market.

Funds should be allocated across a broad range of builders, communities, and regions within the state.

It is critical that program administration be performed by an agency which can maintain complete independence and promote transparency. In the interest of transparency and sharing of best practices, program and project information should be shared as much as possible.

Program success criteria should include a mix both peak demand reduction and energy production

Builder and Market Support Activities

On the question of the value of builder and market support, in general the market should determine the value of this support. The exception is enhancing the entitlement process and accelerating permitting, which offers a significant potential incentive to the builder, and cannot be addressed by market dynamics.

No funds should be diverted from direct incentives for use in builder and market support activities. Solar product suppliers can and will provide this support to builders to the extent that this is valued in that marketplace.